

1923

## News items

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### Recommended Citation

Haskins & Sells Bulletin, Vol. 06, no. 10 (1923 October), p. 80

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## Judgment Guiding Financial Statements

(Concluded)

SO much has been written in opposition to preferred capital stock without par value that it is but fair to point out one thing in its favor. As might be expected, this class of stock has a somewhat natural appeal to investment bankers or investment houses marketing securities, particularly of public utilities, where the money market may call for a scaling up or down of the prices per share at which preferred stocks are sold. Where they have a par value it is obviously difficult to sell them at less than par without having to resort to some subterfuge, such as having the discount on all shares of subsidiary companies absorbed by a parent company. This results in some cases in a considerable burden to the parent company, particularly when there are a number of subsidiaries and there is a good deal of activity in issuing securities. The need for adjustment of prices arises especially where there is not much difference between preferred stock and junior bond issues and where, in order to dispose of the preferred stock, some concession must be made.

Bond investment houses bringing out issues of public utilities looked originally with much favor on preferred shares

having no par value. Some of them admit that they did not foresee the complications which the stock led them into, such as having to fix the respective stock equities, in cases where both preferred and common shares were issued, in making settlements under reorganization and merger agreements. Since the early days, however, there has been some relief from embarrassment in this respect through the introduction of the redemption value idea.

The series of articles on judgment guiding financial statements is brought to a close with this number. One reason is the fact that the articles have become somewhat disconnected and specialized, and it is thought that their continuance in serial form under this subject heading might be misleading. A further reason is found in the recent appearance of a most noteworthy book which treats of analysis and interpretation of financial statements rather exhaustively. Doubtless there will be something to say, from time to time, on the subject of financial statements and capital stock without par value, in which event separate articles will appear under appropriate headings.

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Mr. W. H. Bell has recently been appointed Chairman of the Admission Committee of the New York State Society of Certified Public Accountants. Mr. Bell has for some time served as a member of the Society's Board of Directors.

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Mr. E. E. Leffler, manager of our Buffalo office, has accepted the post of acting head of the Department of Accounting at the University of Buffalo for the coming year.

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At the annual meeting of the Oregon State Society of Certified Public Accountants held in Portland on June 11, 1923, Mr. R. J. Leo was elected a director for the ensuing year.

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Our congratulations are extended to Messrs. C. J. Drake and E. T. Gregory, of the Detroit office, on their recent attainment of the C. P. A. certificate of the State of Michigan.